

SENATE FINANCE COMMITTEE

May 4, 2021

9:19 a.m.

[9:19:24 AM](#)

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:19 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Natasha von Imhof (via teleconference)  
Senator Bill Wielechowski  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Sara Perman, Staff, Speaker Stutes.

PRESENT VIA TELECONFERENCE

Alan Weitzner, Executive Director, AIDEA; Morgan Neff, CIO, AIDEA; Bert Hunter, Connecticut Green Bank, Stamford, CT; Chris Rose, Executive Director, REAP, Sutton; Lizzie Newell, Self, Anchorage; Heather Koponen, Self, Fairbanks; Robert Venables, Executive Director, Southeast Conference, Juneau; Jomo Stewart, Fairbanks Economic Development, Fairbanks; Tim Dillon, Executive Director, Peninsula Economic Development District, Kenai; Margi Dashevsky, Self, Anchorage.

SUMMARY

SB 123      ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

SB 123 was HEARD and HELD in committee for further consideration.

HB 27 NAMING IRENE WEBBER BRIDGE

HB 27 was HEARD and HELD in committee for further consideration.

CSHB 69(FIN)am

APPROP: OPERATING BUDGET/LOANS/FUNDS

CSHB 69(FIN)am was SCHEDULED but not HEARD.

CSHB 71(FIN)

APPROP: MENTAL HEALTH BUDGET

CSHB 71(FIN) was SCHEDULED but not HEARD.

[9:20:17 AM](#)

AT EASE

[9:21:55 AM](#)

RECONVENED

#sb123

SENATE BILL NO. 123

"An Act establishing the Alaska energy independence program and the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date."

[9:22:48 AM](#)

AT EASE

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RECONVENED

[9:27:34 AM](#)

ALAN WEITZNER, EXECUTIVE DIRECTOR, AIDEA (via teleconference), introduced his support staff. He highlighted that Alaska Industrial Development and Export Authority (AIDEA) was a self-funding, public corporation. He announced that he would begin with slide 6 of the presentation, "Alaska Energy Independence Fund (AK EIF)."

[9:27:49 AM](#)

Mr. Weitzner addressed slide 6, "AIDEA and AEA":

Alaska Industrial Development and Export Authority  
(AIDEA)

**Mission:** To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

Alaska Energy Authority

**Mission:** To reduce the cost of energy in Alaska.

AEA is Alaska's energy office and lead agency for statewide energy policy and program development.

The purpose and function of the AK EIF aligns with AIDEA's existing scope establishing loan programs, working with Alaska's financial sector and private investors, as well as managing capital funds, such as the Loan Participation Program (Enterprise Development Account) and Development Project Financing (Economic Development Account).

AIDEA would oversee loan programs and financial management in partnership with AEA's energy and technical subject matter expertise, leveraging existing shared infrastructure and services.

An independent, five-person advisory board would provide guidance on investment opportunities to AIDEA and AEA. The advisory board's authority would not supersede the governing authority of the AIDEA/AEA Board.

[9:29:19 AM](#)

Mr. Weitzner pointed to slide 7, "Total Energy Consumption Per Capita, 2018 (million Btu)," which offered the following top 5 energy consumers in the country, per capita:

1. Wyoming - 967MMBtu
  2. Louisiana - 945MMBtu
  3. North Dakota 872MMBtu
  4. Alaska - 830MMBtu
  5. Iowa 513MMBtu
- Average 358

Mr. Weitzner noted that Alaska's consumption was approximately twice that of the national average, which he suggested was due to Alaska's unique energy requirements, such as the high energy demand in winter and the energy intensive focused industry in the state. He proposed that embracing renewable fuel sources like hydroelectric power, wind power, and solar energy, Alaska was in the position to be a leader in energy independence in the country.

[9:30:38 AM](#)

Senator Wielechowski surmised that the North Slope used 1bcf per day, or 40 percent of the state's total energy consumption.

[9:30:59 AM](#)

Mr. Weitzner replied in the affirmative.

[9:31:06 AM](#)

Co-Chair Bishop wondered whether Senator Wielechowski was considering the fuel gas on the North Slope.

[9:31:09 AM](#)

Senator Wielechowski replied in the affirmative.

[9:31:25 AM](#)

Mr. Weitzner looked at slide 8, "Total Energy Expenditures Per Capita, 2018 (U.S. dollars)," which listed the top five states in the category of total energy expenditures per capita:

1. Wyoming - \$8,651
2. North Dakota - \$8,097
3. Alaska - \$8,060
4. Louisiana - \$7,537
5. Texas - \$5,345
- Average - \$4,291

Mr. Weitzner related that Alaskan consumers paid some of the highest energy rates in the country. He noted that the cost of energy in the state ranked 11<sup>th</sup> nationally but when broken down on a per capita basis, the state ranked 3<sup>rd</sup> and was nearly twice the national average. He stated that

roughly 11 percent of Alaska's gross domestic product (GDP) went to energy expenditures. He contended that the EIF could have significant positive impacts for Alaska.

[9:32:47 AM](#)

MORGAN NEFF, CIO, AIDEA (via teleconference), looked at slide 9, "What is the AK EIF?"

- The Alaska Energy Independence Fund (AK EIF) serves a public purpose in meeting the unique energy needs of Alaska to promote sustainable clean energy projects through loan programs.
- Often referred to as a "green bank", the AK EIF functions as a public-private entity that uses modest amounts of public funding to leverage private capital to accelerate investment in clean energy projects.
- AK EIF meets the criteria to receive and manage funds anticipated to become available through pending federal legislation.

Mr. Neff noted that "green banks" were not actual banks and did not compete with actual banks. He said that they were designed to work collaboratively with the banking and private sector of Alaska to accelerate and enhance investment across the state. He shared that every green bank was designed around a purpose and was a "paint by numbers" approach to addressing critical needs for each individual state and community. He furthered that unique energy needs and cost burdens would be identified throughout the state to deploy a program with multiple tools that would incentivize borrowers and the private sector. He noted that once the anticipated federal dollars came through, they would offset administrative operating costs.

[9:35:18 AM](#)

Co-Chair Bishop emphasized the importance of working with private banks in the state when executing the EIF program.

[9:35:40 AM](#)

Senator Olson surmised that the green bank would be available to private individuals that wanted to construct alternative energy sources in their private home.

[9:35:57 AM](#)

Mr. Neff agreed, and explained that the green bank would be available for all residents of the state.

[9:36:08 AM](#)

Senator Olson wondered who he should direct members of his constituency to for more information an applying.

[9:36:12 AM](#)

Mr. Neff explained that the full program would be rolled out with an application process. He said that any accessibility limitations to applications would be addressed.

[9:36:39 AM](#)

Senator Olson asked when people would be able to apply.

[9:36:42 AM](#)

Mr. Neff responded that SB 123 had an effective date of January 2022.

[9:36:52 AM](#)

Senator Wielechowski wondered whether the low-interest loans would be available to for-profit corporations.

[9:37:05 AM](#)

Mr. Weitzner replied that the funds would be available to for-profit corporations. He said that the program was intended to target industrial, commercial, and residential programs across the state.

[9:37:25 AM](#)

Co-Chair Bishop asked whether guidelines of the amount of funds available to applicants versus need of those applying would be considered.

[9:37:47 AM](#)

Mr. Weitzner replied that flexibility on establishing programs would help to that end. He said that they had looked to other green banks in the country for guidance.

[9:38:32 AM](#)

Senator Wielechowski asked whether there was any language in the bill that would prohibit a significant amount of the loans or grants going to large industries.

[9:38:51 AM](#)

Mr. Weitzner corrected that the programs were for loans and not grants. He furthered that at the current stage there were no limitations in the legislation as it was believed that program flexibility was paramount. He said the advisory board would provide guidance for the programs. He added that green banks that had experienced success in the country had not included such limitations on industry.

[9:40:10 AM](#)

Mr. Neff looked at slide 10, "Initial Capitalization and Funding":

□Proposed initial capitalization: \$10 million appropriation from State of Alaska UGF with an anticipated federal match.

Mr. Neff relayed that like the underlying financing tools and need to work with the private sector community in the state drove the methodically designed aspect of the fund, so was the initial capitalization. He stated that the numbers on the slide were derived from extensive study and analysis of existing green banks in the country and their initial capitalization, and were meant to ensure against over, and under, capitalization.

[9:40:59 AM](#)

AT EASE

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RECONVENED

Mr. Neff continued to discuss slide 10. He related that initial capitalization was critically important. He said that the initial capitalization of the New York, Connecticut, and Maryland green banks had been studied based on their GDP, GDP per capita, total population, total energy expenditures per capita, and their initial capitalization based on those factors. He added that private capital leverage was critical. He noted that each of the green banks had been successful in deploying a modest amount of green bank capitalization into substantial, multi-leverage component of financial sector capital; from approximately \$6 to \$8 private financial capital to each green bank dollar. He shared that in 2020, Connecticut was able to deploy \$36 million green bank dollars to leverage over \$312 million in total investment for the year. He noted the two fiscal notes attached to the legislation - one for the initial capitalization of the \$10 million and another for the Operating Budget from ADIEA receipts. He said that the fund was designed so that the return would offset expenses and be in the position to accept operational capital from the proposed national legislation.

[9:44:32 AM](#)

Mr. Weitzner interjected that the benefits of the fund to the state was economic development in the state - and jobs. He said that in 2019 the green bank in Connecticut had generated significant opportunity for investment than previous grant programs. He added that 13,000 jobs had been created and \$1.5 billion in investment. He pointed out that a definition for sustainable energy development in the legislation. He stressed that the fund could only be used for sustainable energy projects.

[9:46:44 AM](#)

Mr. Weitzner looked at slide 12, "Economic Benefits to the AK EIF.":

Average annual cost of energy per Alaskan - **\$8,060**

Modest public funds + private investment in clean energy - **Create AK EIF**

10 percent - **\$806**: average annual energy savings per Alaskan



20 percent - **\$1,612**: average annual energy savings per Alaskan

30 percent - **\$2,418**: average annual energy savings per Alaskan

**Injects Hundreds of Millions of Dollars into Alaska's Economy**

Frees up approx. \$589 million to \$1.7 billion in discretionary spending every year

[9:47:49 AM](#)

Mr. Neff addressed slide 13, "National Green Bank and Accelerator":

HR 806 - Clean Energy and Sustainability Accelerator Act

S 283 - National Climate Bank Act

- o Congress has introduced the Accelerator Act that would form a national "green bank" capitalized with \$100 billion.
  - Bipartisan co-sponsors, including Alaska Rep. Don Young.
- o If/when passed, these acts would provide investment and operational capital.
  - Creation of the AK EIF would allow Alaska to receive additional investment and operational capital for a "green bank".
- o The Clean Energy and Sustainability Accelerator is part of the Biden Administration's American Jobs Plan ("The Infrastructure Bill").

[9:49:04 AM](#)

Mr. Neff pointed to slide 14, "Alaska Energy Independence Fund (AK EIF)":

**OVERVIEW**

"An Act creating the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date."

- Make capital more accessible to borrowers for sustainable energy development projects.
  - Partner with private capital to fund businesses and projects, including

energy-efficiency, renewable power, micro-grid, transportation, sustainable agriculture, and more.

- Incentivize co-investment in the non-fossil fuel energy sector between the public (the State of Alaska through AIDEA in partnership with Alaska Energy Authority), Alaska's financial sector, private investors, and philanthropic donors.
- AK EIF bill aligns with the proposed federal bills, including the new definition of "sustainable energy development".

9:50:03 AM

Mr. Neff discussed slide 15, "Alaska Energy Independence Fund (AK EIF)":

#### **Financing and Investments**

- The Fund would leverage its capital alongside Alaska's financial sector to enhance total investment in Alaskan clean energy programs and projects.
- Eligible to make loans, provide credit enhancement structures, purchase loans, provide development funding and other forms of financing for sustainable energy development in Alaska's commercial, residential, and industrial market sectors.
- The Fund would consist of appropriations made by the legislature, loans or other assets transferred to the Fund by AIDEA, unrestricted loan payments, interest, or other income earned on loans, investments or assets of the fund, and available federal funding.

9:50:50 AM

Mr. Neff addressed slide 16, "Program Workflow." The slide presented a flow chart illustrating the program workflow.

9:51:39 AM

Mr. Neff pointed to slide 17, "Alaska Energy Independence Fund (AK EIF)." The slide highlighted the various ways the green bank fund functions would improve independent energy investment:

#### **Functions of the Fund**

The AK EIF prioritizes affordable, local, reliable, sustainable, and independent energy.

**Barrier to Investment** - Perceived project risk

**Solution** - Credit enhancement

**Examples** - Provide a loan loss reserve; can mitigate risk and allow investment to flow at longer term of lower rate

**Barrier to Investment** - Inefficiencies of scale

**Solution** - Aggregation and warehousing

**Examples** - Aggregate small projects to meet scale to attract private capital

**Barrier to Investment** - First-in-kind transaction

**Solution** - Technical assistance

**Examples** - Put in technical legwork that comes with closing more labor intensive, innovative transactions

**Barrier to Investment** - Marginal economics

**Solution** - Co-investment

**Examples** - Lend to project, in senior or junior position, to improve overall economics for investors and customers

[9:53:37 AM](#)

Co-Chair Bishop wondered whether there would be electronic and paper applications available, particularly for those without computer access.

[9:54:03 AM](#)

Mr. Neff replied that while the program was being developed into its full comprehensive nature, the ability for all communities to access applications had been identified as a consideration.

[9:54:27 AM](#)

Senator Hoffman spoke of the success of the Alaska weatherization programs. He thought that if homes were going to have clean energy for heat - it was also important that the homes be properly weatherized for efficiency.

[9:57:51 AM](#)

Mr. Weitzner replied that one of the largest programs offered by green banks in the lower 48 was energy efficiency. He said that the proposed legislation contained, within the definition of "sustainable energy development," several elements that concentrate on energy efficiency. He believed that programs could be developed to address Senator Hoffman's concerns.

[9:58:53 AM](#)

Senator Hoffman responded that the state had several successful loan programs. He thought that the proposed loan program was good if the recipient could repay the loan, but people in rural Alaska paid the highest costs for energy in the world, while having the lowest incomes in the state. He did not think that the proposed loan program would help those people.

[10:01:17 AM](#)

Senator Wielechowski understood that as the program developed it could be used to provide weatherization programs or provide low-income loans to huge and profitable corporations. He pointed out that the advisory board that would be set up did not have to have legislative approval. He thought it could be beneficial, and wondered whether AIDEA would support, that one of the chairs on the board be someone from rural Alaska, a utility co-op, or a consumer protection organization to ensure that the funds went to Alaskan consumers, who desperately needed low-cost energy solutions.

[10:02:29 AM](#)

Mr. Neff replied that the bill was introduced based off the advisory board. He suggested AIDEA was amenable to suggestions from the legislature on how the advisory board should be developed to best serve the fund and communities.

[10:02:49 AM](#)

Senator Wilson thought that the economic benefits on slide 12 were possibly misstated. He wondered whether the numbers reflected the total cost, across the state, per family. He pondered whether the average family of 5 paid \$40,000 on annual energy costs.

[10:03:13 AM](#)

Mr. Neff responded that the calculation was on a per capita basis. He said that a 10 to 30 percent reduction in \$6 billion in annual expenditures would result in the numbers reflected on the slide. He conceded that an "all things being equal" data set had been used.

[10:03:50 AM](#)

Senator Wilson thought that the \$589 million to 1.7. billion in freed up discretionary spending was a false statement.

[10:04:11 AM](#)

Mr. Neff replied that the analysis was correct based off a 10 to 30 percent reduction across the EIA numbers of approximately \$8,000 per capita, based on a total population of 730,000, which equated to under \$6 billion in annual energy expenditures per year, and was just under 11 percent of the annual GDP.

[10:04:36 AM](#)

Senator Wilson argued that if all things were not equal - the number was wrong. He maintained that the figure was inaccurate of the actual benefits that the bill would provide for Alaskans.

[10:04:49 AM](#)

Senator Wielechowski cited Page 4, section 5 of the legislation, which gave the authority to create limited liability corporations (LLC), or limited partnerships, not only for the purpose of the program but seemingly for any AIDEA purpose. He wondered why AIDEA needed the authority.

[10:05:19 AM](#)

Mr. Weitzner replied that under AS 44.88.172, AIDEA already had the authority to create subsidiary corporations. He said that the additional language in the bill would allow for those same subsidiaries to be created under the EIF. He clarified that the language currently in the legislation was in the previously cited statute.

[10:06:24 AM](#)

Mr. Neff concluded his presentation.

[10:06:41 AM](#)

Mr. Weitzner addressed the Sectional Analysis (copy on file):

Section 1 Amends AS 44.88.070 - Purpose of the authority - to add "sustainable energy development" under the various means of financing and means of facilitating financing provided.

Section 2 Amends AS 44.88.159(a) - under Interest rates - to add "the Alaska energy independence fund (AS 44.88.452) under AS 44.88.450-44.88.456."

Section 3 Amends AS 44.88.159(b) - under Interest rates - to add "the Alaska energy independence fund (AS 44.88.452) under AS 44.88.450-44.88.456."

Section 4 Amends AS 44.88.159(g) - under Interest rates - to add reference to "sustainable energy development".

Section 5 Amends AS 44.88.178 - Creation of subsidiaries - to allow the authority to create one or more subsidiaries "for the purpose of administering, operating, or expanding the Alaska energy independence program." It also states, "Subject to limitations for the use of the economic development account under AS 44.88.172 and the Alaska energy independence fund under AS 44.88.450-44.88.456," in reference to the authority's ability to transfer assets to a subsidiary created under this section.

[10:08:16 AM](#)

Co-Chair Bishop solicited questions from the committee.

10:08:20 AM

Senator Wielechowski said that he would research the statutes in Section 5 offline.

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Mr. Neff continued with the Sectional Analysis:

Section 6 Amends AS 44.88 by adding four (4) new sections:

AS 44.88.450 - Alaska energy independence program - creates the program within AIDEA to make loans and provide other forms of financing for sustainable energy development in the state and establishes an Advisory Board, consisting of five members appointed by the Governor, to make recommendations to AIDEA on the fund programs and best practices.

AS 44.88.452 - Alaska energy independence fund - establishes the fund within AIDEA for the uses and purposes of AS 44.88.450-.456. It states the fund consist of appropriations made by the legislature, loans or other assets transferred to the fund by AIDEA, unrestricted loan repayments, interest, or other income earned on loans, investments, or assets of the fund, and available federal funding. The fund is not an account in the revolving loan fund (AS 44.88.060) and requires AIDEA to account for the fund separately from the revolving fund. Finally, this section allows AIDEA to create additional accounts in the fund; and to transfer amounts between accounts in the funds (subject to agreements made with the holders of AIDEA's bonds or with other persons).

AS 44.88.454 - Sustainable energy development; powers and duties of the authority - outlines AIDEA's abilities, subject to AS 44.88.450-.456:

- Establish a subsidiary corporation subject to the requirements of AS 44.88.178;
- Establish financing programs and products that AIDEA deems necessary to encourage and promote sustainable energy development in the state;

- Invest in eligible sustainable energy development alone or with other investors (including private capital providers);
- Provide capital and fund management to eligible sustainable energy development and specifies in what forms this is allowable;
- Make and execute contracts and other instruments to implement AS 44.88.450-.456;
- Acquire real or personal property by purchase, transfer, or foreclosure when the acquisition is necessary to protect AIDEA's interest in a loan or other financial product;
- Enter into lease-purchase agreements (subject to AS 36.30.085);
- Defer principal payments or capitalize interest on loans;
- Provide financing and services to municipal energy improvement assessment programs established in accordance with AS 29.55.100; and
- Exercise any other power necessary to implement AS 44.88.450-.456.

This section (AS 44.88.454) also allows AIDEA to adopt regulations to implement AS 44.88.450-.456, including:

- An application process for acquiring financing under the Alaska energy independence program;
- Qualifications for applicants applying for financing under the program;
- Record keeping requirements to accumulate and track measurable data related to the fund; and
- Fiscal controls for the fund.

AS 44.88.456 - Limitations on financing; use as security - prohibits AIDEA from using the fund established in AS 44.88.452 to make a loan guarantee if the amount exceeds \$20 million unless AIDEA has obtained legislative approval. It states financing under AS 44.88.454 is limited to the life of eligible sustainable energy development, with financing limited by the estimated useful life of the project. Finally, it



states AIDEA may use the fund established in AS 44.88.452 as security for a bond guarantee as long as it doesn't conflict with subsection (1) of this section.

Section 7 Amends AS 44.88.900 - Definitions - to add definitions for "sustainable energy development" and "eligible sustainable energy development".

Section 8 Provides a January 1, 2022 effective date for this Act.

[10:13:33 AM](#)

Senator Wielechowski looked at Section 7, line 9, and asked for an example of "industrial decarbonization."

[10:13:51 AM](#)

Mr. Weitzner replied that much of the language mimicked what was in the national act. He listed some examples.

[10:14:24 AM](#)

Senator von Imhof thought that there should be further conversation regarding small versus large companies. She said that assurances need to be made that the loans were paid back to the green bank. She assumed that the green banks would not compete with commercial banks.

[10:14:58 AM](#)

Mr. Weitzner replied that the green banks would work hand in hand with commercial banks.

[10:15:05 AM](#)

Senator von Imhof wondered how the green banks would work with the commercial banks.

[10:15:19 AM](#)

Mr. Weitzner reiterated that the programs would work hand in hand with the financial sector.

[10:16:20 AM](#)

Senator von Imhof wondered how quickly the money could be deployed.

[10:16:35 AM](#)

Mr. Weitzner responded that first regulation for the programs would need to be put in place with input from the advisory board, banks, and credit unions.

[10:17:12 AM](#)

Mr. Neff furthered that talks with the Coalition of Green Capital had identified \$5 billion that could go into a program in Anchorage that would generate substantial savings and job growth. He

[10:18:22 AM](#)

Mr. Weitzner added that the capitalization from the general fund was to initiate some of the credit enhancement programs that would bring in the financial sector. The capital was to leverage programs for future investment.

[10:18:57 AM](#)

Senator von Imhof noted that deploying \$10 million would take time. She noted the four new positions listed on the fiscal note. She asked why the loan servicing processor already employed by AIDEA could not absorb the extra work generated by the bill.

[10:19:47 AM](#)

Mr. Weitzner said that the fiscal note positions were in anticipation of the growth of the program. He explained that the EIF would deal with more loans than other programs, which would create more work and the necessity for more positions.

[10:21:17 AM](#)

Mr. Neff added that the new positions would also receive anticipated federal appropriations and help to target the critical leverage ratio.

Co-Chair Bishop asked whether there was a possibility to leverage \$130 million in federal funds.

Mr. Neff replied in the affirmative.

[10:22:16 AM](#)

Senator Wielechowski asked whether, instead of appropriating \$10 million from the general fund, would there be anything that would stop the legislature from reappropriating the \$10 million from the already \$400 million in liquid assets currently held by AIDEA.

[10:22:46 AM](#)

Mr. Weitzner referred to AS 44.88.020:

There is created the Alaska Industrial Development and Export Authority. The authority is a public corporation of the state and a body corporate and politic constituting a political subdivision within the Department of Commerce, Community, and Economic Development, but with separate and independent legal existence.

Mr. Weitzner referred to AS 44.88.190(b):

(b) The funds, income, or receipts of the authority may not be considered or constitute money of the state, nor may real property in which the authority has an interest be considered land owned in fee by the state or to which the state may become entitled or in any way land belonging to the state, or state land referred to in Art. VIII of the Alaska Constitution.

Mr. Weitzner cited AS 44.88.120(b):

(b) The bonds issued by the authority do not constitute an indebtedness or other liability of the state or of a political subdivision of the state, except the authority, but shall be payable solely from the income and receipts or other funds or property of the authority. The authority may not pledge the faith or credit of the state or of a political subdivision of the state, except the authority, to the payment of a bond and the issuance of a bond by the authority does not directly or indirectly or contingently obligate the state or a political subdivision of the

state to apply money from, or levy or pledge any form of taxation whatever to the payment of the bond.

Mr. Weitzner contended that the statutes ensured that AIDEA could act as a public corporation and a development finance authority for the state. He argued that directing an appropriation out of AIDEA's funds would directly impact its ability to interact with the private sector for the leverage within the EIF. He said that other green banks used appropriated funds. He stated that Senator Wielechowski's suggestion would also affect bonding capacity. He highlighted that in 2019, an appropriation of \$2 million had directly impacted the way that credit agencies viewed AIDEA's credit rating and financial integrity. He said that this resulting in a four-level reduction of their credit rating and credit agencies questioning the management of capital reserves by AIDEA.

[10:25:15 AM](#)

Mr. Weitzner hoped he had sufficiently answered Senator Wielechowski's question.

[10:25:42 AM](#)

Senator Wielechowski thought that the argument made by Mr. Weitzner was one of why AIDEA should be opposing the use of tens of millions of their funds to pay oil tax credits. He wondered whether there was a distinction.

[10:26:01 AM](#)

Mr. Weitzner believed that there was an amendment of the governor's budget that addressed the use of general funds to pay the credits.

[10:26:20 AM](#)

Senator Wielechowski asked whether Mr. Weitzner would agree that it was inappropriate to use AIDEA funds to pay oil tax credits.

[10:26:29 AM](#)

Mr. Weitzner replied that he had cited the statutes to reply directly to Senator Wielechowski's question about using AIDEA funds to fund the EIF. He said that the

administration had put forth legislation concerning the use of general funds.

[10:26:50 AM](#)

Senator Wilson pointed to Page 5, lines 16 through 19:

(b) The fund consists of appropriations made by the legislature, loans or other assets transferred to the fund by the authority, unrestricted loan repayments, interest, or other income earned on loans, investments, or assets of the fund, and available federal funding.

Senator Wilson wondered which other funds could be transferred by AIDEA.

[10:27:20 AM](#)

Mr. Weitzner replied that the intent was to be able to transfer existing energy loans that fit the definition of sustainable energy development under the EIF.

[10:27:46 AM](#)

Senator Wielechowski noted that there were \$60 million in AIDEA funds for oil tax credits in the current operating budget crafted by the other body. He pointed Section 7 and asked whether there was a scenario where low interest loans for fossil fuel development would be acceptable.

[10:28:17 AM](#)

Mr. Weitzner responded that the EIF was addressing sustainable energy in the state, which would require a unique approach, particularly in rural areas that were reliant on diesel generation.

[10:28:55 AM](#)

Senator Olson thought that the provisions of the bill would be helpful to rural Alaska. He expressed concern that the bill could overly benefit corporations. He wondered why his constituents should support the legislation.

[10:29:40 AM](#)

Mr. Weitzner believed that the bill addressed the unique energy needs of the state. He did not believe that the bill focused on large corporations working in the state but built on the capacity for clean, renewable energy and energy efficiency throughout the state.

[10:30:39 AM](#)

Senator Olson looked at Sections 5 and 6. He contended that the definitions addressed many of the for-profit corporations working in the state. He spoke of the HR 806, on the federal level, and wondered how SB 123 was in parallel with the federal legislation.

[10:31:36 AM](#)

Mr. Weitzner responded that HR 806 and SB 123 were aligned. He deferred further response to a representative from Coalition for Green Capital.

[10:32:16 AM](#)

Co-Chair Bishop looked at Section 7, line 19. He wondered whether snow machines would qualify under the bill's definition of "clean transportation."

[10:33:04 AM](#)

Mr. Neff responded that the program was designed to serve the public purpose and address the unique energy needs of the state. He said that regulations and programs would be defined by the advisory board.

[10:33:33 AM](#)

Mr. Weitzner cited Section 7, lines 14 and 15:

(ii) other sustainable technologies including distributed generation, advanced battery, and combined heat and power;

Mr. Weitzner cited Section 7, lines 19 through 21:

(F) clean transportation, including battery electric vehicles, hydrogen vehicles, plug-in hybrid electric vehicles, and other zero-emissions vehicles for consumers, businesses, government, and public transit;

Mr. Weitzner surmised that snow machines would be applicable under the language in Section 7.

[10:34:21 AM](#)

Senator Wilson countered that under the language, the loan program would be in competition for a car loan from a commercial bank.

[10:34:49 AM](#)

Mr. Weitzner reiterated that the programs would work with the commercial banks and would not be in competition with them.

[10:35:28 AM](#)

Senator Wielechowski looked at Section 7, lines 23 through 25:

(H) any other emissions reduction or energy efficiency technology the authority determines to be consistent with the Alaska energy independence program;

Senator Wielechowski thought the language was quite broad and wondered whether it could include a coal burning plant, provided the plant was run as clean as possible.

[10:35:51 AM](#)

Mr. Weitzner noted that the language defining sustainable energy development, on the federal level and in SB 123, would allow for coal burning plants. He added that the focus would be on improving energy efficiency and reducing greenhouse gasses.

[10:37:14 AM](#)

BERT HUNTER, CONNECTICUT GREEN BANK, STAMFORD, CT (via teleconference), spoke in support of the bill.

[10:43:37 AM](#)

CHRIS ROSE, EXECUTIVE DIRECTOR, REAP, SUTTON (via teleconference), testified in support of the legislation.

[10:48:48 AM](#)

Co-Chair Bishop OPENED public testimony.

[10:49:03 AM](#)

LIZZIE NEWELL, AFACT, ANCHORAGE (via teleconference), spoke in support of the bill. She believed the legislation would help with climate change, energy costs, and job insecurity in the state. She relayed a personal story about acquiring affordable energy.

[10:51:58 AM](#)

HEATHER KOPONEN, SELF, FAIRBANKS (via teleconference), echoed the concerns of Senator Wielechowski, and the make-up of the advisory board. She stressed the need for a transparent public process.

[10:53:39 AM](#)

ROBERT VENABLES, EXECUTIVE DIRECTOR, SOUTHEAST CONFERENCE, JUNEAU (via teleconference), spoke in support of the legislation. He stressed that energy issues had been paramount in the state for decades. He believed that the bill was consistent with the state's energy policy and would help to finance energy solutions for the state. He stressed that reducing energy costs would produce significant savings to Alaskans.

[10:56:27 AM](#)

JOMO STEWART, FAIRBANKS ECONOMIC DEVELOPMENT, FAIRBANKS (via teleconference), testified in support of the legislation. He noted that capital was often a barrier to the viability of energy projects. He believed that the bill filled the gap between grants and traditional loans. He thought that the most important part of the legislation was allowing AIDEA to deviate from traditional investor rules and financing criteria.

[10:58:47 AM](#)

TIM DILLON, EXECUTIVE DIRECTOR, PENINSULA ECONOMIC DEVELOPMENT DISTRICT, KENAI (via teleconference), spoke in support of the legislation. He highlighted the benefits of the EIF. He urged committee support for the legislation.

[11:00:10 AM](#)



MARGI DASHEVSKY, SELF, ANCHORAGE (via teleconference), spoke in support of Green Bank, but felt that AIDEA had a long-standing record of public distrust and mismanaged investments. She believed that legislative oversight of the intent of the legislation was paramount and that all projects receiving loans specify how their project would reduce greenhouse gas emissions. She believed that the legislation required further amending.

[11:01:52 AM](#)

Co-Chair Bishop CLOSED public testimony.

SB 123 was HEARD and HELD in committee for further consideration.

#hb27

HOUSE BILL NO. 27

"An Act naming the irene Webber Bridge."

[11:02:09 AM](#)

SARA PERMAN, STAFF, SPEAKER STUTES, introduced the legislation. She provided a brief background of Irene Webber. She noted that the spelling of "irene" is spelled with a lowercase "i." She stressed that the lower case "i" was very important.

[11:06:55 AM](#)

Senator Wilson surmised that the family of Ms. Webber was in support of the bill.

[11:07:14 AM](#)

Ms. Perman agreed, and added that the family had worked with the bill sponsor throughout the process.

[11:07:56 AM](#)

Co-Chair Bishop noted that invited and public testimony would take place the following day.

HB 27 was HEARD and HELD in committee for further consideration.

Co-Chair Bishop discussed housekeeping.

#

ADJOURNMENT

11:09:02 AM

The meeting was adjourned at 11:09 a.m.